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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

17 CR 243 (SHS)

5 RYAN HULT,

6 Defendant.

7 -----x

8 New York, N.Y.

9 July 9, 2021

12:00 p.m.

10 Before:

11 HON. SIDNEY H. STEIN,

12 District Judge

13 APPEARANCES

14 AUDREY STRAUSS,

15 United States Attorney for the

Southern District of New York

16 BY: ROBERT B. SOBELMAN

Assistant United States Attorney

17 ERIC V. KLEINER, ESQ.

18 Attorney for Defendant

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(Case called)

MR. SOBELMAN: Robert Sobelman for the United States. Joining by telephone is Kiersten Fletcher. Good afternoon, your Honor.

MR. KLEINER: Good afternoon, your Honor. Eric Kleiner, 59 Jefferson Street, Nyack, New York, on behalf of Mr. Hult, who is to my left.

THE COURT: Good afternoon, gentlemen. I'm informed that, under the new COVID procedures, if you have been fully vaccinated, you can remove your masks. My deputy will give you a form to fill out for contact tracing purposes if need be, but you can remove it only if fully vaccinated.

Also, this is a public hearing and there is an open line. I don't know how many people are on it. I believe everyone is in listen-only mode, if I'm not mistaken.

We're here for the sentencing of Mr. Hult. I have the presentence report prepared on April 29, 2021, and revised on June 3rd, 2021, along with the addendum and the sentencing recommendation of 60 months on a guideline range of 188 to 235, plus consecutive 24 months imprisonment on count 2, which is the aggravated identity theft, for a range of 212 to 259 months.

I also have the sentencing memorandum of the defendant, which is document 626, and I have the sentencing memorandum of the government, which is dated July 2, and it's

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1 under seal because it attaches another document dated May 25,
2 2021.

3 I also have a letter from Mr. Hult's parents, which is
4 document 627. It's really wonderful to see how Mr. Hult's
5 parents are fully supportive of him, but like most parents,
6 they don't see the whole person, they just see their little
7 boy, their son. But the letter, as I say, it's very nice to
8 read how thoroughly supportive of him they are.

9 Is there any additional information I should have,
10 defense counsel? I'll give you an opportunity to speak. Is
11 there any additional written information I should have?

12 MR. KLEINER: No additional written information. Just
13 our presentation, Judge.

14 THE COURT: Have you and your client had a full
15 opportunity to read this information and have you, in fact,
16 discussed it with your client?

17 MR. KLEINER: Yes, sir.

18 THE COURT: Government, anything written in addition I
19 should have?

20 MR. SOBELMAN: No, your Honor. I anticipate being
21 able to hand up a fully executed consent preliminary order of
22 forfeiture.

23 THE COURT: Do that now.

24 MR. SOBELMAN: Yes, your Honor. We're going to ask
25 for a period of time to submit a restitution order after today.

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1 THE COURT: I thought we have a stipulated
2 restitution?

3 MR. SOBELMAN: We do, your Honor. We have the amount.
4 We just need to prepare the schedule of victims.

5 THE COURT: What are you handing up, forfeiture?

6 MR. SOBELMAN: Yes, your Honor.

7 THE COURT: So you're not handing up a proposed
8 restitution order because you don't have the schedule; is that
9 it?

10 MR. SOBELMAN: Yes, your Honor. We would ask for one
11 week.

12 THE COURT: We'll deal with it when I get to it. I
13 think you said there is no additional written information you
14 seek me to have?

15 MR. SOBELMAN: That's correct, your Honor.

16 I am vaccinated. Rather than yell through the mask,
17 if I can remove it, I'd be happy to fill out the form after the
18 proceeding.

19 THE COURT: I'm not sure what you're telling me, sir.

20 MR. SOBELMAN: I'm going to remove my mask now.

21 THE COURT: If you're fully vaccinated, you may remove
22 your mask. Just make sure that defense counsel, Mr. Kleiner,
23 the government counsel, Mr. Sobelman, give their contact
24 information to my deputy.

25 MR. SOBELMAN: We will, your Honor. Thank you.

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1 THE COURT: Mr. Kleiner, do you have any objections to
2 the findings of fact in the presentence report?

3 MR. KLEINER: No, your Honor.

4 THE COURT: Government?

5 MR. SOBELMAN: No, your Honor.

6 THE COURT: I adopt the findings of fact in the
7 presentence report.

8 Mr. Kleiner, why don't you talk to me here. I
9 presided over the trial of the Ketabchi action, and I was very
10 surprised at how early on your client was involved in all of
11 the scams. The progenitor of all this is the Tax Club, and I
12 remember Sinclair's testimony, astonishing testimony, it was
13 closed by the FTC. Your client was there. He then started Top
14 Shelf. I remember testimony of Top Shelf. He had problems
15 with the FTC there, as well. He lied to the FTC.

16 It's sort of a very odd turn of events, that he tried
17 to bribe an FBI agent and it turns out that it was a scam that
18 one of the upstanding people here was scamming him, pretending
19 that he was going to pass the money on to bribe somebody else.
20 That's the world your client lived in.

21 On the other hand, he has no criminal convictions that
22 I'm aware of, which is wonderful. He's had a rather difficult
23 family life. He's had a drug problem. It looks like a serious
24 drug problem. He had difficulties growing up, although with
25 anxiety issues, although his parents seem to think more of it

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1 than he does. The drug use was rampant, cocaine, ecstasy,
2 Oxycodone. He agreed to cooperate. He made real efforts at
3 cooperation, to use the vernacular, he blew that, one of the
4 many mistakes he's made.

5 I do want to ask the parties about what's in the
6 papers about continuing cooperation. He's been remanded ever
7 since he had those arrests in New Jersey. It looks like he was
8 a very active cooperator. I note here from my reading, it says
9 he had 200 taped conversations.

10 So, he's an interesting person and complicated, as
11 everybody is.

12 Speak to me.

13 MR. KLEINER: Yes, your Honor. It's very clear, your
14 Honor is extremely familiar with all of the unfortunate facts
15 and the crimes that were committed.

16 THE COURT: Well, these are so -- I've been at this
17 long enough that I shouldn't be bothered by it, but somebody
18 with real potential, family support, very much had family
19 support, as I've indicated.

20 MR. KLEINER: I think it's good that you're bothered
21 by it.

22 THE COURT: Education, BA. Fabulous athletic career.
23 Can't seem to make a go out of it in the real world. He's been
24 involved with such serious scams.

25 MR. KLEINER: Yes, your Honor.

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1 THE COURT: I mean, the people, I'm still bothered by
2 the victims of the Ketabchi case who testified. Many of them,
3 their lives were ruined, and he was an active participant.

4 MR. KLEINER: I'm bothered by it, also, Judge, and I
5 think that we need judges that are bothered by it and are not
6 immune to it, after thousands of cases, are not just moving on
7 to the next one. So we applaud that, Judge, because we need
8 you to protect society.

9 The role that I'm playing today usually is taking as
10 much as I can from the presentence report and the cooperation,
11 and trying to convince a judge to get the least possible
12 sentence for my client, that's my oath. Thinking about it
13 today, Judge, and yesterday, what I was going to say to you,
14 after 35 years starting in Barry Scheck's criminal law clinic
15 just up the road at Cardozo, I've done so many of thousands of
16 cases, and I think the big issue I wanted to discuss with you
17 is what is the possibility of reoffending, because when you
18 look at the presentence report, the things that I think you
19 don't know are the things I do know. So, I don't have a
20 crystal ball, but I have seen some things, Judge, that would
21 tell you that the person that came before the magistrate when
22 he pled guilty is not the same person here. I know you've
23 heard that before --

24 THE COURT: I hear it every time.

25 MR. KLEINER: You do. But I have the facts that allow

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me to make the argument in good faith.

When Mr. Hult committed these crimes and cooperated, like many cooperators, although it's substantial and he did it before he was arrested, he turned himself in – and he gets credit for that I know you'll give him credit, I believe you will – he was not remorseful, Judge.

THE COURT: He turned himself in after there was a search of the premises.

MR. KLEINER: Correct.

THE COURT: The jig was up.

MR. KLEINER: I agree. But he was one of the first ones to get in there, and he gets credit for that because he helped the agents in so many ways in giving them the overview of this very sophisticated scam.

But what I saw, Judge, in the 50-something pages of notes that I took when he was being debriefed, what I saw was a problem with narcissism, drugs, mental health problems, he was completely detached in almost a Trumpian way, that he was in an alternative universe where it was everybody's fault, that he was smarter than everybody. And I know he went to Johnson & Wales --

THE COURT: That's a good university, by the way. I happen to know it.

MR. KLEINER: It's a heck of a school, Judge. He has all those things, but, unfortunately, he thought that the world

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1 was his oyster and he could do bad things, because he could
2 make money and live the highlife, use the steroids, which are
3 probably the worst drugs that he used, are the anabolic
4 steroids. When I first met Ryan Hult, Judge, he was three
5 times the size he is now. He looked like somebody who was
6 taking serious anabolic steroids, like Mark McGwire. That
7 really showed his problems, because he was completely detached
8 from his criminal activity. Even when he was giving the agents
9 information in Utah, he was unable to come back down to earth
10 and realize that he's no better, no worse than anyone else. He
11 was living in that type of universe.

12 I did not see the issues -- back then, I could never
13 argue, before you, the lack of a chance of recidivism or
14 reoffending. What I did, see, Judge, was a continuing spiral
15 of everybody else's fault, it's always somebody else's fault.

16 What I couldn't get through to Mr. Hult was the thing
17 that hit me the most, all these years doing the work, I've seen
18 it all, they had a floor to stop people from getting refunds.
19 That's a bad sign. And I never could get through to Mr. Hult
20 that that's the declaration against interest in and of itself,
21 that's a confession. You're committing criminal activity
22 because you already have a floor set up to stop people from
23 getting their refunds because they have no opportunity to make
24 money on the things you're selling. It was a scam. You can
25 call it whatever you want, all these telemarketing scams, it's

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1 the bottom line, it's a white collar crime.

2 THE COURT: I don't understand. This is news? What's
3 your point? The testimony on the charge back efforts is
4 substantial.

5 MR. KLEINER: Right. But the point was how detached
6 he was from even when I would approach Mr. Hult and tell him,
7 even though he was cooperating and tell him these types of
8 things show the mental status that you know you're committing
9 crimes, and yet still being detached and still trying to live
10 the highlife. This continued. This continued during the
11 cooperation. It didn't affect the cooperation and the
12 truthfulness. He gave up himself on a case, as you said, the
13 fake FBI agent case, which shows how detached he was and how
14 grandiose his behavior was. No one knew about that. So that
15 goes in his credit, but he's giving up all the information,
16 even the things the government may not know.

17 What happened, though, Judge, when COVID hit, the
18 mental health problems became exacerbated and the drug problems
19 got much worse and he basically was living off the street. His
20 marriage fell apart. The people he was involved with were
21 people he was basically using for various purposes trying to
22 get into various businesses and make money.

23 What I noticed was somebody who was not getting it
24 still. When we got on the phone with AUSA Fletcher and
25 Mr. Hult was in a windswept afternoon on the phone – drug usage

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1 was incredible at that moment – he agreed that he had to turn
2 himself in, and it probably saved his life. He was getting to
3 the point where I don't know if he would have survived on the
4 street much longer, and he was doing those things trying to get
5 by, he had no money. It didn't happen right away.

6 When he went to Essex County Jail – and since I'm a
7 New Jersey practitioner, also, Essex County Jail is a tough
8 place, a lot of gangs, very few Caucasians – he had two
9 seizures when he was coming out of the drug usage. He had been
10 beaten up, he had injuries. The Court knows what I've written
11 about that, and I think there is some argument about that type
12 of excessive hardship that he would probably never have seen in
13 a federal institution. We know that about the Bureau of
14 Prisons. But he got himself there. He got mental health
15 therapy, thank God, at ECJ, and he got clean, and he's doing a
16 great job.

17 Still in the winter up to March when they made the
18 Utah arrest, which was the Salt Lake City arrest, I still felt
19 like he was like, what's the government going to do for me.
20 That's how I felt Mr. Hult was kind of feeling, like he had
21 assisted on those cases, including some assistance on that
22 case, he was like, what are they going to do for me.

23 It all changed for me when PSI started to do the
24 interview, the probation officer. He was different. He wasn't
25 making excuses. He was providing truthful information, but it

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1 was his tone and his attitude. Even when we got on the phone
2 with Ms. Fletcher, I think Mr. Sobelman may have been on one of
3 those calls, he was saying to the U.S. Attorney's office,
4 what's going to happen. He was offering further cooperation.
5 There is definitely something about that, I didn't want to put
6 that in an unsealed fashion, but it's out there and he'll be
7 happy to talk to you about it. But he never asked what's in it
8 for me. He was communicating for the first time in the
9 presentence report and he was communicating to the U.S.
10 Attorney's office in a way that told me he got it, he was no
11 longer detached. The drug usage was gone, the therapy was
12 coming, the medication was coming, and it was working. The kid
13 that went to Johnson & Wales, I think he's here.

14 I've spent a lot of time with Mr. Hult, Judge. I feel
15 bad for his family. Good parents, good home. But I feel that
16 Mr. Hult, in talking to his attorneys, started to apologize,
17 which is rare in our business, started to apologize about some
18 of the rough stuff that he had said when he was in the throws
19 of drug use, and some of the things that we couldn't do for him
20 when he blew the 5K because he got arrested. He was no longer
21 blaming anyone. He was sorry. He was sorry he had acted the
22 way he did. When he spoke to Ms. Fletcher, he never asked her
23 for any other thing. He never asked for any additional
24 lowering of a sentence or anything. He accepted it. That was
25 the first time, Judge, he's accepted anything.

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1 That tells me, Judge, that Mr. Hult is not the same
2 person. He's no longer detached. He doesn't have the criminal
3 record. The cases in New Jersey are cases where, right on the
4 heels of Governor Murphy and both at the ballot box, legalizing
5 marijuana, they're not prosecuting people for even distributing
6 small amounts or mid-level amounts, they're not arresting
7 people for it any longer. He got arrested almost maybe within
8 a month of all of the laws changing and the AG guidelines
9 changing. So, the marijuana case, although it's outstanding,
10 Judge, it's an outstanding case, I expect that case to
11 basically be somewhat de minimus.

12 The other case in Monmouth County that he didn't lose
13 his 5K on occurred when Mr. Hult was involved in the CBD trade.
14 It turned out, according to the prosecutor there, although I
15 don't have the written report, that Mr. Hult had CBD, large
16 amounts, that turned out to not be THC cannabinoid, turned out
17 to be CBD.

18 I think the discrepancy was or the difference was,
19 Judge, when Mr. Hult got arrested and he was that person that's
20 different than here, he blamed law enforcement. He said, what,
21 they can't run a test at the New Jersey State Police lab to see
22 it's not THC. It's all CBD. It turned out that it was,
23 according to the prosecutor, when the FDA tested it and they
24 had better testing, he was right. It looked like marijuana, it
25 smelled like marijuana, it smoked like marijuana, it tasted

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1 like marijuana, it had all the appearances of marijuana, and
2 somehow that wasn't the law enforcement's fault. No, he was
3 involved in what is an unregulated dirty business, Judge. The
4 CBD business is a dirty business. The agents told him when he
5 was cooperating, this isn't good, this is a dirty business.
6 But, that's the superiority complex. He didn't listen. He
7 said, I'm going to make money, I'm going to pay restitution,
8 this is how I'm going to do it; of course, it failed.

9 So, I think the case in Monmouth is going to basically
10 be de minimus or it will die at a much lower --

11 THE COURT: So what should I do?

12 MR. KLEINER: I'm sorry?

13 THE COURT: What's the view of the defense as to what
14 I should do?

15 MR. KLEINER: Judge, I think that, based upon the fact
16 that I believe that Mr. Hult has all of the education and now
17 has a drug-free environment, he's going to do time, I think
18 that one of the things that you can rest much easier on is the
19 chances that he's going to reoffend are not good. He's not
20 probably ever going to reoffend. No one has that crystal ball,
21 but I feel that very strongly today.

22 THE COURT: I'll tell you, without the input you're
23 giving me, that is the human input, the statistics are that
24 he's a prime candidate for reoffending in terms of a fraudster.

25 MR. KLEINER: I know, Judge. In the white collar

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1 cases, this attitude is the same attitude that we saw with
2 Mr. Hult that I saw with Mr. Hult when he first offended.

3 THE COURT: What about general deterrence? What about
4 punishment?

5 MR. KLEINER: Judge, using the comparators that the
6 U.S. Attorney put together -- did a great job, I'm certainly
7 relying on that, as well -- I think that a sentence in between
8 two of the sentences that were administered in this case will
9 not send the wrong message to society, it will not be looked at
10 as the cost of doing business, these were not crimes,
11 theoretically, against -- the United States of America was not
12 an insurrection case, it was not a case of violence --

13 THE COURT: Well, the sentences in Ketabchi ranged
14 from 87 to 78, 72, 15, 51, 52, 366 days.

15 What's your position?

16 MR. KLEINER: My position is, Judge, as I said in the
17 sentencing memorandum, I don't think, in good conscience, I
18 could argue to you that the two years or the three years was
19 something that I felt confident with, given that the
20 presentence report had it at five years. I think that the U.S.
21 Attorney's office, although they can't say they're in equal
22 view with my sentencing memorandum, I'm certainly hoping that
23 your Honor does not sentence him to more than four total years.
24 He's been in jail since November. He's taking advantage of
25 everything that's possible for him to be rehabilitated.

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1 I think the big issues for you to consider, and it's
2 only you that can decide whether he should do four years or
3 more, or maybe slightly less if I'm successful today, but at
4 least I would ask your Honor not to impose more than four
5 years, given all the comparisons.

6 I think, Judge, the big issue, I think, is that he is
7 remorseful, Judge. Unfortunately, it's hard for you to see it
8 in a PSI, but I see it based upon what I've seen in the last
9 three months, and I don't think he's playing a game, because
10 you weren't present when he was talking to Ms. Fletcher and you
11 weren't present when he was doing the PSI. He could have been
12 his usual standoff self. He's been improving, but really,
13 these last three months, I think he merits, Judge, something
14 from your Honor, and you'll certainly hear from him that four
15 years will not send the wrong message. He'll be deterred.
16 Society will be deterred, as it should be, from committing
17 these types of offenses in the future. It's going to be a
18 heavy sentence, because he's only been in since November, and
19 he's never done serious time before. I certainly would like
20 him to be in a federal facility to get better treatment and not
21 be subjected to gang violence because he was --

22 THE COURT: He's in federal custody now.

23 MR. KLEINER: Yes.

24 THE COURT: Thank you.

25 MR. KLEINER: Judge, just, if I could, and I know that

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1 you've read everything that I submitted to you. I just wanted
2 to say to the Court that I understand, because you sat here for
3 the trials, I understand that you have that ability to see
4 through all of the things that have been said to you in this
5 court, and it's easy to say you're remorseful, but I think,
6 Judge, that the way that the U.S. Attorney's office approached
7 their sentencing memorandum indicates to the U.S. Attorney's
8 office, not just me, that they think Ryan Hult is someone you
9 could take somewhat of a chance on and not sentence him to more
10 than four years.

11 I would say --

12 THE COURT: The government took a chance on him. Look
13 what happened.

14 MR. KLEINER: You know, Judge, they took a chance on
15 him. The types of offenses were not, of course, white collar.
16 I think the CBD is going nowhere. The other case, the
17 marijuana, is something that's out there, but I think, Judge --

18 THE COURT: Fair enough. I get that point.

19 MR. KLEINER: I would only say, Judge, with the
20 cooperation, he's going to continue to cooperate, whether he
21 gets credit or not for it. I think that's a very good sign.

22 I wanted to close and tell your Honor that, although
23 Mr. Hult being incarcerated, he's not working -- I'm not going
24 to argue to your Honor that the faster he gets out, the faster
25 he makes restitution. That's not a fair argument. I'm not

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1 going to make it. It may be a fact, but it doesn't work.

2 What I wanted to close with, Judge, was that Mr. Hult
3 is not asking for any extra credit down the line. He feels
4 that he can help stop future people from being victimized. He
5 understands, took a long time, but he understands that there
6 were vulnerable people involved, and he understands he has to
7 live with that.

8 THE COURT: Does he understand he ruined a lot of
9 lives?

10 MR. KLEINER: He understands and he knows he has to
11 pay a price for it. I think part of paying that price is that
12 he wants to work for the government to stop future people from
13 being hurt the way these people got hurt, and I think that he
14 can address that, Judge, and I hope and pray, Judge, that you
15 do not give him more than four years.

16 THE COURT: Thank you, sir.

17 Mr. Sobelman.

18 MR. SOBELMAN: Thank you, your Honor. This is maybe
19 the most sort of complicated or difficult of the sentencings I
20 think your Honor has seen in this case, and your Honor has
21 sentenced a number of people.

22 Mr. Hult provided as much and probably more assistance
23 to the government than any other cooperator that we've had in
24 this investigation, and we've had a number of them, as your
25 Honor knows, but he breached his cooperation agreement. He is

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1 an unusual case. He provided --

2 THE COURT: Why is he an unusual case? He is a
3 longtime scammer. He realized he better go with the flow here
4 and go with the team that was going to prevail at the end of
5 the day, and he helped you in his selfinterest. Why is it an
6 unusual case? Haven't you seen this time and time again?

7 MR. SOBELMAN: In part, yes. There are a few things
8 that make him different.

9 First is, on the sort of bad side of the ledger, he is
10 more culpable than all of the defendants in the Ketabchi
11 indictment. If we're looking solely at his culpability, at his
12 conduct, at the length of his conduct, he was not listed in
13 that relative culpability letter because he was not a
14 publicly-charged person at the time, but he would have been at
15 the top of that list.

16 THE COURT: He would have been along with Arash and
17 Wilson?

18 MR. SOBELMAN: Or above them.

19 THE COURT: Interesting.

20 MR. SOBELMAN: More likely above them.

21 THE COURT: All right.

22 MR. SOBELMAN: As would have Carl Morris had he
23 appeared on that list. He is more similar in culpability to
24 Carl Morris.

25 On the other side, he truly did provide very

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1 substantial assistance, not nearly barely meeting the standard
2 or sort of regular assistance. As your Honor noted, he had had
3 an enormous number of recorded conversations. Really, from day
4 one, notwithstanding, sort of, defense counsel's impression,
5 the government's impression was that he was genuine, sincere,
6 candid, truthful, and eager to be of assistance. Of course,
7 that does align, at least at that time, with his selfinterest.

8 But, as your Honor has seen in this case, there were
9 some cooperators who, even though ultimately successful, start
10 off not being successful or, like Mr. Morris, as we explained a
11 few weeks ago at his sentencing, it appears in retrospect
12 really was never truthful with us. That is not the case for
13 this defendant.

14 What's unusual, and at least I have not experienced
15 before, is even after we told the defendant that he was not
16 going to receive a 5K letter due to his additional criminal
17 conduct, he continued to meet with us, he continued to be
18 useful and helpful and truthful. He was candid about his
19 additional criminal conduct, even though he knew that it may
20 cost him. He's even provided additional evidence to us that
21 we've asked for since then, again, possibly in his selfinterest
22 so that I would say this right now, but his interest in
23 continuing to cooperate after sentencing, there will literally
24 be no benefit that one could think of. We do think that's a
25 genuine offer. He, at every step, has been willing, eager, and

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1 available to assist in whatever way he could, and while there
2 are a lot of people who do that and ultimately aren't that
3 helpful, he was extremely helpful. We would not have been able
4 to make some of the investigative leaps that we have been able
5 to make in this case without his assistance.

6 THE COURT: That's important.

7 MR. SOBELMAN: His candor with us extended to his bad
8 conduct, even after his plea. He was candid with us about his
9 drug use while on bail, and when we confronted him and said,
10 look, enough is enough, we think you should go in, he
11 surrendered, I believe, the same day, didn't fight us on it,
12 consented to it. When we met with him subsequently while he
13 was incarcerated, he thanked us for insisting that he go in.
14 He told us, I believe genuinely, that he thinks we saved his
15 life by insisting that he be detained. That's what makes it
16 unusual, I think.

17 There is a lot on both sides of the ledger here, and I
18 don't think it's an easy calculus to undertake.

19 Your Honor, I'll just highlight again, your Honor
20 sentenced Carl Morris to 78 months' imprisonment just a few
21 weeks ago. Also a very culpable and senior member of the
22 telemarketing scheme --

23 THE COURT: Also a cooperator who blew the
24 cooperation.

25 MR. SOBELMAN: Yes, your Honor. He's, sort of, the

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1 best comparator that your Honor may have in this circumstance.
2 I think, as we previewed at Mr. Morris' sentencing and I want
3 to make sure is clear now, we view them very differently at
4 their sentencing. Carl Morris provided sort of marginal
5 assistance. We believe he was never fully truthful with us,
6 although we had thought he was at one point. He hid money from
7 us, he lied to us about hiding money from us, he lied to us
8 about being involved in sort of an unrelated narcotics
9 conspiracy, he refused to meet with us, he refused to provide
10 us additional information. There were a lot of problems with
11 Carl Morris along the way, both before and after we determined
12 not to write him a 5K letter. As your Honor knows, he fought
13 us on that and accused us, I think inappropriately, of some
14 kind of bad faith. It was a hotly-contested sentencing, as I'm
15 sure your Honor recalls, where my experience was it did not
16 seem he expressed much remorse or much regret for his conduct
17 either before or after he started cooperating. Our experience
18 with Mr. Hult is very different.

19 THE COURT: Thank you.

20 MR. SOBELMAN: Thank you, your Honor.

21 THE COURT: Mr. Hult, you have the right to speak to
22 me at sentencing, sir. You don't have to. Anything you say
23 could be used against you. But, if you want to speak to me,
24 tell me something, here I am.

25 THE DEFENDANT: Yes, your Honor. Thank you.

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1 Everything you said is true, all the crimes that I've
2 committed, the scamming, basically outlining the bad person I
3 was. From that kid at Johnson & Wales, I turned. I turned the
4 wrong way. I did come from a good family and I made some
5 mistakes for sure. I was selfcenterred and selfish, dishonest,
6 egotistical, arrogant, and really only gave a shit about
7 myself. Everything I thought about was just me. It was me,
8 me, me. I was the type of guy that if life got in my way, I
9 pouted it and I threw tantrums.

10 THE COURT: Well, there is a difference between
11 egotistical and getting your way and pouting. On the one hand,
12 there are a lot of people like that, and then people who are
13 like that who commit crimes. You're talking about two
14 different things.

15 THE DEFENDANT: Right. I'm talking about, as I grew
16 into -- coming from Johnson & Wales into a man. I remember the
17 first day, I wasn't always, you know, I wasn't always, you
18 know, I wasn't always into the scams and the money and the
19 life. But, what I could tell you is that, you know, jail did
20 save my life, you know. I do -- I accept everything that you
21 said and I am guilty of all the things that you said. When I
22 did go to jail, if I didn't go into jail, I would be dead right
23 now, by January. Drugs and alcohol and steroids and money and
24 ego and all those things, they took over my life. I didn't get
25 it. I didn't get it until everything cleared out of my body

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1 and my mind and I finally was able to see how badly I hurt
2 people and what I would do if somebody did that to my father,
3 to my mother, to my family. The day that it really hit me was
4 when my father hysterically was crying on the telephone, what I
5 did to other people and how badly I hurt their families. I get
6 all that.

7 Up until I was in jail, you're right, it was
8 selfinterest that I was helping the government. I wasn't -- I
9 didn't think of the smaller picture. I was just feeding my ego
10 and feeding myself the whole time. Money is what made me, but
11 at the end of the day, when I went to jail and I had shit and I
12 got beat up and went through all the stuff and came through,
13 all the drugs came out of me and I had seizures and I had some
14 hardship and I had no more money and I had nothing, that's what
15 changed me.

16 I throw myself at the mercy of the Court and you, your
17 Honor. I'm not asking for anything other than a chance to
18 continue making amends to people. If the U.S.A. needed me
19 right now, after sentencing, if they needed something from me,
20 I would be right there continuing to make amends to the people
21 I have harmed. I do understand what I did and I do understand
22 how badly I hurt people. If I ever did -- and I use my family
23 just as an example. I broke up families, I hurt people, I took
24 money off the table, especially at a time like this, the
25 victims of my crimes didn't deserve this, and I did continue to

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1 do this on an ongoing basis. I'm very sorry for what I've
2 done. There is nothing I could ever do to the direct victims
3 that I've hurt, but I could continue making amends.

4 Like I said, I throw myself at the mercy of you and of
5 the Court. When I do get out of jail, when I do come out of
6 prison, I would like to continue making amends to these people
7 in any way that I can, obviously with restitution, but if I
8 could help with any type of, you know, I'll take direction from
9 anybody that can give it in order to make these things right,
10 because I've harmed a lot of people and, in turn, have harmed
11 their families. I know that's the worst thing I've done in my
12 life and the worst mistake I've ever made, anything that I've
13 done to myself or anything that is secondary. It's no excuse
14 to do drugs or any of that stuff, because that's a choice of
15 mine.

16 But I can tell you, as I've been incarcerated, my mind
17 is cleared and it's very -- I was a very bad person up until
18 the point of where I'm trying to making amends to these people
19 in any way that I can, and I know that me being in prison is
20 one of the things that will satisfy some of those amends, but I
21 will continue for the rest of my life to make these amendments
22 as much as possible and that's the program I'll live by.

23 So thank you, your Honor.

24 THE COURT: Thank you, sir. I think your remarks are
25 very heartfelt, I actually do. I think you have seen the

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1 light.

2 There still is a need for punishment and for general
3 deterrence and individual deterrence. Individual deterrence,
4 the need for individual deterrence is lessened because I do
5 think you're very sincere.

6 I'm going to give you a sentence lower than I thought
7 I would when I came in, given the government has actually gone
8 the back for you here, I don't know if you realize that.
9 Usually, if a cooperator fails, they're very reluctant to
10 support that person at sentencing, but here they have.

11 I think the most important thing you can do while in
12 prison is better yourself, sir. Help others, take all the
13 courses you can, educational, vocational, if they offer them.
14 You'll be transferred to a BOP facility that has more
15 programming available to you. Use your time effectively in
16 prison. If it's possible, take some work. It's got to be
17 easier to sit around and do whatever job they have you do, but
18 I think you can do better than that.

19 Let me think for a moment here.

20 I have been presented with an order of restitution.
21 The schedule was emailed from Ms. Fletcher, who is on the line,
22 to my deputy while we were talking, and it provides restitution
23 in the amount of \$10,535,618, joint and several liability with
24 Arash Ketabchi and Andrew Owimrin.

25 The schedule of victims will be filed under seal. The

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1 schedule is attached, it's quite long, as you might imagine.

2 Now, does the defense want an opportunity to look at
3 this? I don't know to what extent you discussed it with the
4 government.

5 MR. KLEINER: I have discussed it with the government
6 in the past, Judge. I have nothing to review. I trust the
7 government.

8 THE COURT: The forfeiture is the entry of the money
9 judgment in the amount of \$2,500,000, which represents the
10 amount of proceeds traceable to the offenses charged in counts
11 1 through 3 of the information. The proposed order of
12 forfeiture is signed by Mr. Sobelman, Mr. Hult, Mr. Kleiner.

13 I was going to sentence you to a higher sentence than
14 I'm now prepared to. I'm going to sentence you to 60 months,
15 sir, which is the recommendation of the probation department.
16 That takes into account your cooperation. It also takes into
17 account what I've heard here. Again, I was going to sentence
18 you to higher than that, because I was struck by the fact that
19 you were integral to all these names that I heard so much
20 about, as I say, it rarely being the progenitors, the well
21 screen from that olive branch and so forth that came out of Tax
22 Club, Top Shelf, CDC, but I'm giving account to your
23 cooperation.

24 I tend to agree with your lawyer, Mr. Kleiner, in
25 regard to the New Jersey proceedings. It's a little hard to

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1 know to what extent there are very serious things and that were
2 not. That area of the law, marijuana, CBC, THC is changing
3 very quickly, so I'm not terribly troubled by that. I am
4 troubled by the fact that, regardless of the specific merits of
5 those, to what extent they'll proceed, it's a clear violation
6 of your cooperation agreement. There is no way the government
7 could use you as a witness after those proceedings, but I am
8 taking into account your cooperation, obviously.

9 I said that I am adopting the findings of fact in the
10 presentence report.

11 I told you the sentence I intend to impose will be 60
12 months, three years supervised release, restitution and
13 forfeiture and the standard mandatory and special conditions
14 recommended.

15 Please rise, sir, and I will impose sentence.

16 I hereby find the total offense is 36, the criminal
17 history category 1, the guideline range is 188 to 235, to be
18 followed by a mandatory consecutive 24 months on count 2 for a
19 total guideline range of 212 to 259 months. So as your
20 exposure, sir, it's very, very high.

21 Pursuant to the Sentencing Reform Act of 1984, it is
22 the judgment of this Court that the defendant, Ryan Hult, is
23 hereby committed to the custody of the Bureau of Prisons to be
24 imprisoned for a term of 36 months on count 1, 3, 4, and 5,
25 each to run concurrent with each other, plus a consecutive 24

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1 months on count 2. Count 2, a 24-month sentence, is to run
2 consecutive to the concurrent terms on counts 1, 3, 4, and 5.
3 I realize that's a little confusing.

4 Government, do you understand what I'm doing?

5 MR. SOBELMAN: Yes, your Honor.

6 THE COURT: Defense, do you?

7 MR. KLEINER: Yes, sir.

8 THE COURT: So that will be a 60-month total, and it
9 is a substantial variance. The reason for the variance is
10 primarily the cooperation of the defendant and his remorse,
11 which I feel is quite genuine. I think his eyes have been
12 opened to some of what he's been doing, if not all.

13 Upon release from imprisonment, Mr. Hult, you'll be
14 placed on supervised release for a term of three years with the
15 conditions recommended by the probation department. The three
16 years will be on counts 1, 3, 4, and 5, concurrent, and then
17 one year on count 2, which will all run concurrent with each
18 other. So it's a total of three years, one year on count 2,
19 three years on counts 1, 3, 4, and 5, all concurrent.

20 You shall abide by the following mandatory conditions:
21 You shall not commit another federal, state, or local crime;
22 you shall not illegally possess a controlled substance; you
23 shall not possess a firearm, dangerous weapon, or destructive
24 device; you shall refrain from any unlawful use of a controlled
25 substance; you shall submit to one drug test within 15 days of

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1 placement on supervised release and at least two unscheduled
2 drug tests thereafter as directed by his probation officer; you
3 shall cooperate in the collection of DNA as directed by his
4 probation officer; you shall comply with standard conditions 1
5 through 12.

6 Plus the following special conditions: He shall
7 submit himself to a search by a probation office and, if
8 needed, with the assistance of law enforcement when there is
9 reasonable suspicion concerning the violation of the conditions
10 of supervised release or any unlawful conduct; two, he must
11 provide his probation officer with access to all the requested
12 financial information; three, he must not incur new credit
13 charges or open additional lines of credit without the approval
14 of his probation officer, unless he's in compliance with the
15 installment payment schedule I'm about to enter; four, he will
16 participate in an outpatient treatment program approved by the
17 probation department; within 72 hours of release from the
18 custody of the Bureau of Prisons, you shall report your person
19 to the probation office in the district which he is released.

20 I am not imposing the fine given the fact that the
21 defendant lacks the ability to pay a fine at this time, and
22 I've taken into account his lack of assets, his modest income.

23 I am imposing restitution. I'm signing the order of
24 restitution in the amount of \$10,535,618. I am sealing
25 Schedule A. This is joint and several with Arash Ketabchi and

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1 Andrew Owimrin. Restitution payments may be made payable to
2 the Southern District of New York Clerk of the Court.
3 Restitution shall be at 15 percent of this defendant's gross
4 monthly earnings. This is in consideration of all the factors
5 in 18 U.S.C. 3664(f)(2), including the defendant's lack of
6 assets, his projected earnings and other income, and his
7 financial obligations. While detained he shall make
8 installment payments toward his restitution obligation through
9 the Bureau of Prisons Inmate Financial Responsibility Plan.

10 I am also signing a forfeiture order, as I said, in
11 the sum of \$2,500,000, and I have signed that order, as well.

12 I am directing the payment of special assessment of
13 \$500, which is due immediately.

14 As I said, I've sentenced this defendant below the
15 guidelines on a variance basis due primarily to his remorse and
16 his cooperation.

17 Mr. Kleiner, do you know of any legal reason why the
18 sentence should not be imposed as I have stated?

19 MR. KLEINER: No, sir.

20 THE COURT: Government?

21 MR. SOBELMAN: No, your Honor. We would ask that the
22 Court add a special condition that the defendant be required to
23 continue his cooperation during his period of incarceration and
24 his period of supervised release.

25 THE COURT: I hereby order the sentence to be imposed

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1 as I have stated it.

2 What's the position of the defense on that request by
3 the government?

4 MR. KLEINER: Same argument I made at sentencing,
5 Judge. He's going to continue to cooperate.

6 THE COURT: All right. Then I'll impose that as a
7 special condition. Continued cooperation by the defendant
8 during the period of incarceration and supervised release if
9 requested by the government.

10 Mr. Hult, you have the right to appeal the sentence I
11 just imposed on you. If you cannot pay the cost of an appeal,
12 you have the right to apply to leave to appeal in forma
13 pauperis. If you make the request, the clerk of court will
14 prepare and file a notice of appeal on your behalf immediately.
15 If you do wish to appeal, sir, all you have to do is tell
16 Mr. Kleiner that.

17 In that event, Mr. Kleiner, I'm asking you to file
18 that notice of appeal if your client seeks it.

19 MR. KLEINER: Yes, sir.

20 THE COURT: Do you understand your appeal rights,
21 Mr. Hult?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: I take it there are no open counts here?

24 MR. SOBELMAN: That's correct, your Honor.

25 THE COURT: Mr. Hult, this has been within a drinking

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1 proceeding. I've learned a lot, I've learned about you, I
2 think you were very heartfelt, I heard some unusual things from
3 your lawyer and from the government, and I adjusted my sentence
4 accordingly, I think it's appropriate. I wish you good luck,
5 sir. You can turn your life around. It sounds like you're
6 well on your way to doing it. I just urge you to use your
7 remaining time in prison as effectively as you can. You can be
8 a model of other prisoners if you choose to.

9 THE DEFENDANT: I hope to do so, your Honor. Thank
10 you very much.

11 THE COURT: Thank you, gentlemen.

12 * * *